

Senate, March 25, 1998. The Committee on General Law reported through SEN. COLAPIETRO, 31st DIST., Chairman of the Committee on the part of the Senate, that the bill ought to pass.

AN ACT CONCERNING SWEEPSTAKES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 42-295 of the general statutes is
2 repealed and the following is substituted in lieu
3 thereof:

4 As used in sections 42-295 to 42-300,
5 inclusive:

6 (1) "Advertise" means the use of the media,
7 mail, computer, telephone or personal contact to
8 offer [to a specifically named person] the
9 opportunity to participate in a sweepstakes or a
10 game of skill; [and such offer represents that
11 such person has been awarded or will be awarded a
12 prize;]

13 (2) "Consumer product" means any article used
14 primarily for personal, family or household
15 purposes;

16 (3) "Person" means an individual,
17 corporation, association, partnership or any other
18 entity;

19 (4) "Prize" includes, but is not limited to,
20 an award, gift certificate, travel coupon or
21 anything else of value regardless of whether there
22 are any conditions or restrictions attached to the
23 receipt of the prize that is separate and distinct

24 from the goods, services or property promoted by
25 the sponsor;

26 (5) "Promoter" means a person conducting a
27 sweepstakes;

28 (6) "Simulated check" means a document which
29 looks similar to a check but is not currency or a
30 check, draft, note, bond or other negotiable
31 instrument;

32 (7) "Sponsor" means a person on whose behalf
33 the sweepstakes is being conducted to promote or
34 advertise goods or services of that person;

35 (8) "Sweepstakes" means a legal contest or
36 game where a prize is distributed by lot or by
37 chance and does not require a permit or license to
38 operate in the state;

39 (9) "Verifiable retail value" means: (A) A
40 price at which a substantial number of the prizes
41 have sold at retail in the local market no earlier
42 than one year prior to the advertisement of the
43 sweepstakes by a person other than the promoter or
44 sponsor; (B) if the prize is not available for
45 retail sale in the local market, the retail value
46 of an item substantially similar to the prize in
47 quality, quantity, grade and utility; or (C) if
48 the value cannot be established under subparagraph
49 (A) or (B) of this subdivision, no more than three
50 times the cost of the prize to the promoter or
51 sponsor; and

52 (10) "800 number" means a prefixed telephone
53 number for which no charge is assessed.

54 GL COMMITTEE VOTE: YEA 16 NAY 0 JF

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"THE FOLLOWING FISCAL IMPACT STATEMENT AND BILL ANALYSIS ARE PREPARED FOR THE BENEFIT OF MEMBERS OF THE GENERAL ASSEMBLY, SOLELY FOR PURPOSES OF INFORMATION, SUMMARIZATION AND EXPLANATION AND DO NOT REPRESENT THE INTENT OF THE GENERAL ASSEMBLY OR EITHER HOUSE THEREOF FOR ANY PURPOSE."

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FISCAL IMPACT STATEMENT - BILL NUMBER SB 200

STATE IMPACT	See Explanation Below
MUNICIPAL IMPACT	None
STATE AGENCY(S)	Department of Consumer Protection, Office of the Attorney General

EXPLANATION OF ESTIMATES:

The bill subjects additional sweepstakes advertisements to the requirements of the law on sweepstakes advertisements and subjects this advertisement to the Unfair Trade Practices Act. Under the Unfair Trade Practices Act, the Department of Consumer Protection has basically two methods for resolving complaints, 1) formal administrative hearings, or 2) forwarding the complaint to the Attorney General's office for litigation.

If most of the cases are handled administratively by DCP, the workload increase to the Office of the Attorney General is expected to be minimal and can be handled within the agency's anticipated budgetary resources.

Under the Unfair Trade Practices Act, civil penalties can be imposed for violations, thus, a revenue gain to the General Fund is anticipated. The extent of the additional revenue cannot be determined, as it would depend upon the number of violations which occurred and the amount of the penalty that are imposed.

There will be a minimal workload increase for the Department of Consumer Protection associated with the

adoption of regulations concerning Section 1 of the bill.

There would be a minimal workload increase for the Department of consumer Protection associated with the possible hearings as a result of this bill. This, along with other minimal cost bills could cause the Department of Consumer Protection to go beyond the anticipated budgetary resources of the agency.

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OLR BILL ANALYSIS

SB 200

AN ACT CONCERNING SWEEPSTAKES

SUMMARY: This bill subjects additional sweepstakes advertisements to the requirements of the law on sweepstakes advertisements. Currently, the law applies (1) if the advertisement offers the recipient a chance to participate in a sweepstakes or game of chance, (2) is addressed to a specifically named person, and (3) represents that the person has been or will be awarded a prize. The bill applies the law to advertisements that simply offer the chance to participate in a sweepstakes or game of chance.

EFFECTIVE DATE: October 1, 1998

BACKGROUND

Sweepstakes Advertisement Requirements

The law generally prohibits sweepstakes advertisers from requiring winners to purchase something or pay a fee as a condition of collecting a prize. Advertisers may require winners to claim a prize by making a telephone call that is toll-free or in the consumer's extended local calling area or by visiting a local retailer. Advertisers may also require consumers to complete publicity releases and eligibility affidavits and assume liability for taxes or other governmental fees. Sweepstakes advertisers must not distribute simulated checks unless the phrase "THIS IS NOT A CHECK" is clearly and conspicuously printed diagonally across its face.

Sweepstakes advertisers must disclose (1) the verifiable retail value of the prize, (2) the odds of winning each prize, and (3) whether the receipt of the prize is restricted in any way. Advertisers must make the disclosures next to the prize description and in the same size and type print.

COMMITTEE ACTION

General Law Committee

Joint Favorable Report
Yea 16 Nay 0